



## Change Order: Additional Funds for the Supply of CUPE Local 416 Staff Uniforms

Item 12

December 8, 2022

Board of Directors

**Report: TCHC:2022-86**

**To:** Board of Directors (the “Board”)

**From:** Chief Operating Officer (Acting)

**Date:** December 6, 2022

### **PURPOSE:**

The purpose of this report is to seek the Board’s approval of a change order to More Uniforms Inc. for \$123,566.00 (exclusive of taxes) to supply CUPE Local 416 staff uniforms and other apparel, including non-CUPE Local 416 apparel, for the remainder of Year 2 (2022) through Year 4 (2024) of the current award.

The Board’s approval is required for this change order as, if approved, the cumulative amount of all change orders will be greater than \$250K and greater than 20% of the original contract amount.

### **RECOMMENDATIONS:**

It is recommended that the Board:

1. Approve a change order to More Uniforms Inc. for \$123,566.00 (exclusive of taxes) to supply CUPE Local 416 staff uniforms and other apparel, including non-CUPE Local 416 apparel, for the remainder of Year 2 (2022) through Year 4 (2024) of the current award; and
2. Authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

## **REASONS FOR RECOMMENDATIONS:**

### **Program Background**

TCHC is obligated to provide uniforms for employees in the CUPE Local 416 bargaining unit, in accordance with its Collective Agreement with TCHC. Additionally, TCHC provides accessories to other staff members (CUPE Local 79) when it is required.

The vendor, More Uniforms Inc. was awarded this contract for a four year term with two optional one-year terms in April 2021. The original amount of the contract, which was approved on March 26, 2021 by the Building Investment, Finance and Audit Committee (“BIFAC”), was \$1,100,000.00 to provide branded uniforms, including bulk orders every other year. CUPE Local 416 staff receive a full replacement of their uniform every two years.

On September 1, 2021, a price increase of 5% overall for Year 1 and Year 2 was approved due to COVID related inflationary price increases, but was not associated with any change orders at that time. The vendor’s request for an increase was analyzed by Operations and Facilities Management staff to determine if the supporting documents that were provided were sufficient, and the request was approved by the former Chief Operating Officer (“COO”).

On March 26, 2022, a change order of \$200,000.00 was approved to absorb the cost for additional staff due to the transition of contract management to direct management.

To date, the program spend is approximately \$445,000.00, which includes the first bulk order and other occasional orders including non-CUPE 416 staff orders for TCHC and Toronto Seniors Housing Corporation (“TSHC”), as permitted under the contract terms.

### **Requested Change Order**

The requested increase is required to address the escalating inflation rates worldwide, which is primarily due to the COVID-19 pandemic and has resulted in cost increases in raw materials, fuel, shipping and labour.

On July 29, 2022, More Uniforms Inc. informed TCHC staff that pricing of uniforms has continued to significantly increase due to inflation rates, cost increases for raw materials, manufacturing, and shipping rates associated with the global market inflation increases.

The vendor submitted a price increase per unit along with supporting documents, which illustrate an overall 8% increase to the revised price (+5%)

for the remainder of Year 2 and a 13% increase from the original submitted pricing for Year 3 and Year 4 of the Agreement.

A change order of \$123,566.00 (exclusive of taxes) is recommended to deliver the services as listed in the contract's scope of work for the remainder of Year 2, Year 3 (bulk order year) and Year 4 of the current contract. Prior to the expiration of Year 4, the pricing will be reviewed to determine if it is still valid in relation to conditions in the global market at that time.

The request for additional funds accounts for two bulk orders, in accordance with CUPE Local 416's Collective Agreement with TCHC. The remaining dollar amount would be allotted to one-off requests and starter kits for new employees. The value of the change order for which approval is requested in this report is premised on assumptions related to staff-turnover. Should those assumptions prove to be inaccurate, additional funding may be required.

A previous change order of \$200,000.00 was approved for this program on March 19, 2022. With approval of this additional request, total cumulative change orders are \$323,566.00 and 29.42% of the original purchase order issued, as shown in Table 1. The revised total contract amount is \$1,423,566.00.

*Table 1: Change Order Summary*

<b>CO No.</b>	<b>VAC #</b>	<b>Approval Date</b>	<b>Description</b>	<b>Reason</b>	<b>Individual CO Amount</b>
1	22142	March 19, 2022	<b>Additional Funds for Uniforms and Apparel</b>	Adding OUX and OUY	<b>\$200,000.00</b>
2		Pending	<b>Additional Funds for Uniforms and Apparel – More Uniforms Inc.</b>	Cost of raw materials, fuel, shipping and raw materials challenges	<b>\$123,566.00</b>
Cumulative approved change orders to date					\$200,000.00
<b>Total Cumulative change orders</b>					<b>\$323,566.00</b>
Original contract awarded (VAC 21062B)					\$1,100,000.00
<b>Revised total contract amount</b>					<b>\$1,423,566.00</b>
<b>Cumulative CO % of contract award/purchase order</b>					29.42%

**IMPLICATIONS AND RISKS:**

In accordance with TCHC's Collective Agreement with CUPE Local 416, TCHC is obliged to provide all CUPE Local 416 employees with a biannual clothing allotment. Due to time constraints, it is not feasible to run an RFP and select another vendor without disrupting the service as the next biannual clothing allotment is scheduled for January 2023.

**SIGNATURE:**

*"Nadia Gouveia"*

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Nadia Gouveia  
Chief Operating Officer (Acting)

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